

Obama's Budget: Let's Fix the Economy First

By Congressman Lee Terry

Our country faces serious economic challenges and the top priority for Congress right now should be on the economy. As I carefully reviewed the budget President Obama and Speaker Pelosi have proposed, I note that they are spending billions of dollars to tackle the problems associated with health care, education, global warming and more. This is an aggressive agenda that Congress must address, but in attempting to do all of this at once, we run the real risk of doing many things poorly instead of focusing on one thing and doing it well. Now is the time to focus on our troubled economy and until it stabilizes we should focus on the task at hand. Economic stability will inspire public confidence not only in the markets and across the business community, but, if done right, in the very government institutions the President has tasked with righting the economy. I am concerned that the Obama-Pelosi aggressive reform agenda along with increased deficits could cause our economy to further deteriorate.

The \$3.6 trillion budget increases spending dramatically over 2009. To place it in perspective, in its first 200 years, this nation acquired \$5.8 trillion in debt. The President Obama/Speaker Pelosi budget plan projects that a robust economy will quickly return with higher revenues cutting the deficit in half by 2013. The President's assuring words obscure the facts because the \$533 billion deficit projected in 2013 is still greater than the largest deficit this country has ever incurred, some 3% of GDP. All of this money will be borrowed against our children's - and the nation's - future.

The two big dollar items are health care and the cap-and-trade of energy emissions. A new national energy tax (aka cap-and-trade) is also part of President Obama and Speaker Pelosi's budget plan. The President's cap-and-trade tax would cause sharp increases in the cost of electricity as electric companies pass the added costs along to you, the consumer. The Environmental Protection Agency predicts a rise in electricity costs between 44%-79% and the National Association of Manufacturers estimates the increase per year between 101% and 129%. The average Nebraskan will pay an extra \$1,052 plus it would cost an estimated 3-4 million American workers their jobs. During an economic downturn it is not the time to hit hard working families and struggling businesses with such a devastating tax. It is clear to me that this Administration and the Democratic Party are set on a course that is attempting to do too much, too soon.

To support the overhaul of our health care system as mandated in this budget it will cost an uncertain, if not massive amount of money. The budget creates a fund of \$634 billion just as a down payment which means trillions of dollars down the road. I recently heard "that if you think health care costs a lot now, wait until it's free." How true.

So who will pay the trillions of new dollars for health care? The answer is in the budget. It will be small businesses that will pay increased taxes, no immediate tax relief for middle income families beyond the EITC tax refunds under the Stimulus bill, capital gains tax increases and limiting deductions for charitable giving and home mortgage interest. The tax on small

businesses alone could cost 1.6 million jobs.

With President Obama's approval ratings high, I can understand his desire to move his agenda quickly and aggressively. Previous presidents have done the same. But now, with the U.S. economy teetering in the balance, it may not be the time to engage in such radical policy changes. Economic recovery ought to be our primary goal. Once that is accomplished, we can turn to other issues and find ways to institute needed reforms that will not jeopardize our economic growth.

